The Yellow Pages Survey Report

Catering to cat owners

You can't motivate your employees . . .

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OCTOBER 1989

veterinary economics

THE MAGAZINE OF PRACTICE MANAGEMENT AND FINANCE

1989 CONTINUING SURVEY RESULTS

THE LATEST IN VETERINARY EARNINGS

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OCTOBER 1989

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MEMO FROM THE EDITOR

An unexamined practice . . .

Management consultant Don Dooley tells me that when veterinarians review the results of our annual Continuing Survey, those who don't measure up to our numbers want to jump out the window; those who beat the median want to kick back and fish for a while. We don't recommend either extreme. In fact, we suggest that before you decide your fate, you do much more than simply glance at the numbers.

Yes, the earnings figures you'll find in this issue give you a gauge by which to measure *how* you are doing. But what they really offer is an opportunity—or perhaps an excuse—to find out *why*. Why, for example isn't your gross income where you would like it to be? Or why, for that matter, is your practice doing well? If you don't know the reasons for your success, you may be in for a surprise when you get back from your fishing trip.

The consultants we interviewed for this month's cover story maintain that you have to know what is wrong with your practice before you can fix it—and what is right before you can build on it. They say that pointing to the weather, the economy, and the competition doesn't mean much anymore; the problem and the solution are more likely to lie with you, your attitude, and your own practice situation.

So no matter how you compare to the 1,401 veterinarians whose composite financial portrait is drawn here, try to look beyond the numbers and into the mirror. Then take the consultants' advice and analyze your practice from the *inside* out. When you know what moves your practice and why, the nationwide comparisons will lose some of their ability to chill or to thrill.

Becky Turner

Rebecca R. Turner

veterinary economics

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A Medical Economics Publication

A PLACE FOR ORPHANED FELINES

Where do cats go when their owners don't want them anymore? Displaced cats can find a home in Falls Village, Conn., at the Last Post. The home was founded six years ago by the late Pegeen Fitzgerald, past president of the Humanium Guild, a New-York-based animal welfare group.

A full-time staff of eight cares for a full-capacity crowd of 350 felines. "We have an extensive waiting list—no openings until May," says manager Todd Boibeaux. The cost for each cat per year: Boibeaux estimates $1,000, which is paid for strictly by donations.

The Last Post consists of two buildings on 35 acres, seven of which are fenced in for the cats. "None of them wander outside the fence because they really have no reason to," says Boibeaux, who's soon to be licensed as a veterinary technician. Nearby veterinarian Dr. Vincent Peppe lends a medical hand when necessary.

The cats must meet certain medical requirements and are quarantined upon arrival, which helps prevent major outbreaks of disease. "As long as the cats don't feel stressed by overcrowding or neglect, they generally stay healthy," Boibeaux says. Among the facility's amenities: a 140-foot sundeck and two open, furnished rooms for the cats.

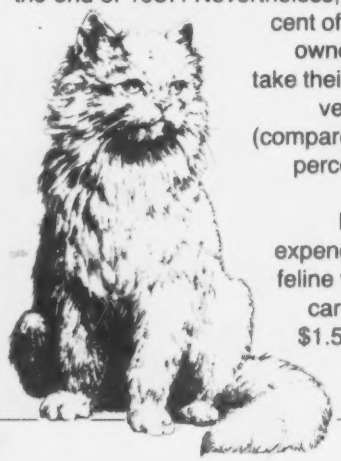
The Last Post is open to visitors, who "come in handy because we tend to have a shortage of attention for everyone," Boibeaux says. The home sponsors an adoption program for the cats (whose average age is nine years old), but will take cats back if their new homes don't work out. For additional information about The Last Post, call (203) 824-0831 between 9 a.m. and 5 p.m.

CORRECTION

On page 8 of the August issue, we reported the "recent introduction of a six-month injectable canine heartworm preventive." The information, provided by Frost & Sullivan, Inc., is incorrect. No such product has been released. ■

CAT STATS

As you probably know, cats are the craze these days. The percentage of households owning cats has increased from 28.4 percent in 1983 to 30.5 percent at the end of 1987. Nevertheless, 40.5 percent of these cat owners do not take their cats to a veterinarian (compared to 22.4 percent of dog owners). Estimated expenditures for feline veterinary care in 1987: $1.573 billion.



United States cat population	54,600,000
Number of cat-owning households	27,700,000
Percentage of cat owners who own dogs	50 percent
Percentage of cat-owning households with incomes of $30,000 or more	48 percent
Percentage of cat-owning households with children	55 percent
Area of highest cat ownership	The West
Area of lowest cat ownership	The North Central
Percentage of cat owners who obtain veterinary care	59.5 percent
Average number of veterinary visits per household	1.6
Average cost per veterinary visit	$33.59
Average annual expense per household	$63.83

Source: Charles, Charles Research Group, 1988

1989 CONTINUING SURVEY RESULTS

THE LATEST IN VETERINARY EARNINGS

Here's a region-by-region overview of the 1988 figures, with commentary from a distinguished panel of consultants.

By Catherine Lumetta
ASSOCIATE EDITOR

Every year, we track the ups and downs in veterinary earnings by surveying thousands of your colleagues. The report is mixed this year, with good news for equine and large animal practitioners—and not-so-good news for small animal veterinarians. Gross income* fell across the board in 1988—except in the case of large animal practitioners, who raised their gross income some $27,000 over their 1987 figures, and equine practitioners, who saw a $5,800 increase.

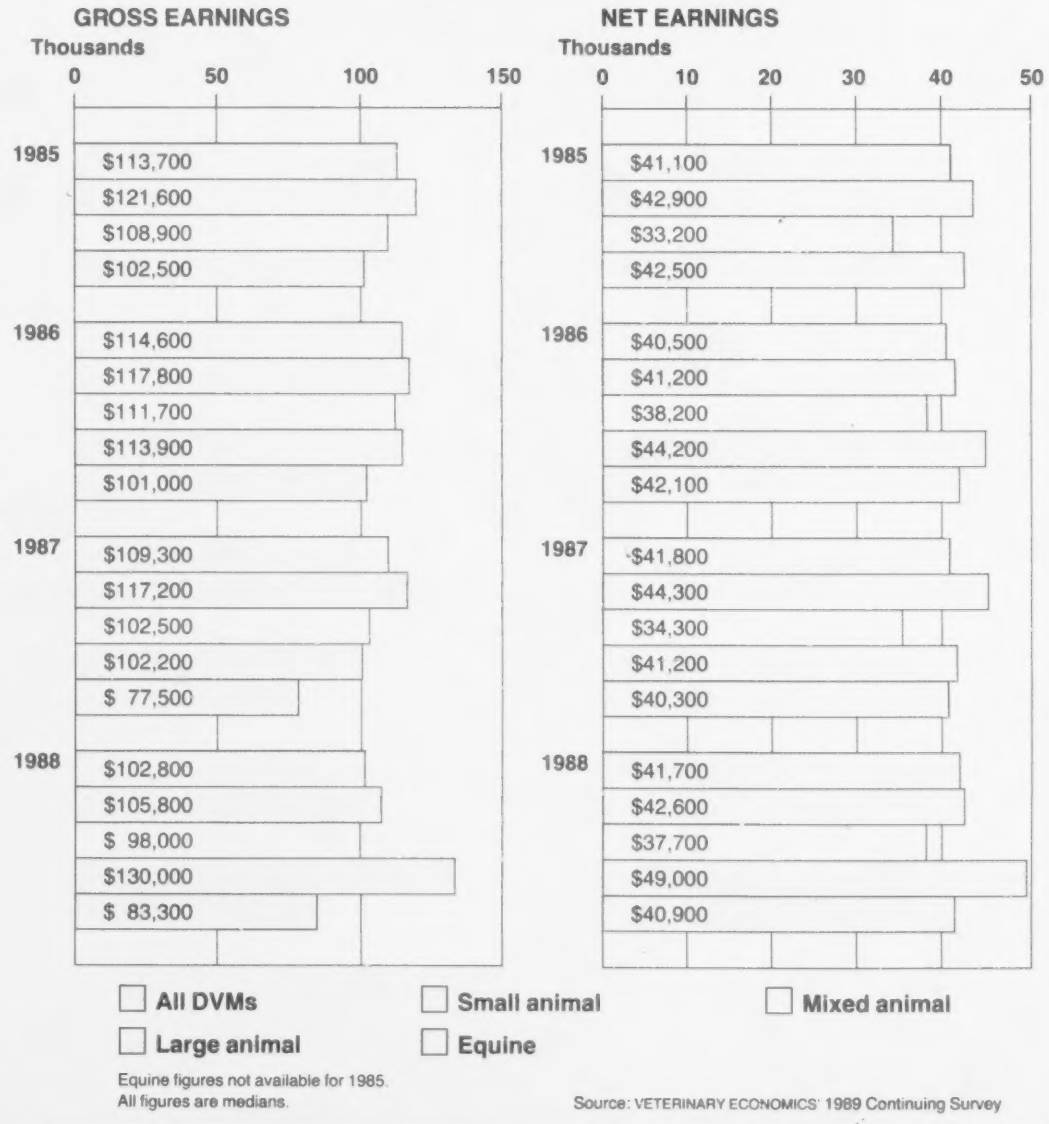
For veterinarians as a whole, however, gross income decreased 5.9 percent, while net fell only 0.24 percent. The respondents' reported expenses ate up 48.3 percent of gross, a slight improvement over 1987's already surprisingly low 49.7 percent. You'll find a detailed report on expenses in the December issue.

Be aware that the earnings numbers alone tell a rather bleak story. In reviewing them, we turned to a panel of consultants for comment: Is the veterinary profes-

*All gross and net income figures reported in this article are medians.

ARE YOU STUCK ON THE MEDIAN?

VETERINARY EARNINGS, 1985-1988



Equine figures not available for 1985.
All figures are medians.

Source: VETERINARY ECONOMICS' 1989 Continuing Survey

GROSS EARNINGS DROP BY 5.9 PERCENT

Individual gross income	Percent of practitioners	
	1988	1987
$200,000 or more	15%	16%
190,000-199,000	4	4
180,000-189,999	3	4
170,000-179,999	4	3
160,000-169,999	4	3
150,000-159,999	4	4
140,000-149,999	4	3
130,000-139,999	2	3
120,000-129,999	4	4
110,000-119,999	3	4
100,000-109,999	4	5
90,000-99,999	4	4
80,000-89,999	3	3
70,000-79,999	3	4
60,000-69,999	2	6
50,000-59,999	4	4
40,000-49,999	7	3
30,000-39,999	11	10
Less than $30,000	15	13
Median	**1988:** $102,800	**1987:** $109,300

sion stuck on a median that rarely changes? What forces are at work in the economy to produce these results? And what can veterinarians do to change the scenario? We'd like to hear your impressions as well: What do you think of the numbers being generated by practitioners in your region? Are they representative? How does your situation compare?

The Northeast

The Northeast saw a near-22-percent plunge in 1988 gross income, but the news isn't all bad: Net income remained virtually the same as it was in 1987. Survey respondents brought in 21.7 percent fewer dollars overall, but net income dropped only by slightly less than one-half percent.

"By analyzing the income figures for both 1987 and 1988, it appears that the number of client transactions has gone down in every region," says David Gallagher, practice management lecturer at the New York State College of Veterinary Medicine at Cornell University. "Yet all the market studies say that the number of people who take their animals to a veterinarian is up. So the only other explanation is that there are more practitioners getting a smaller piece of the pie."

This stiffer competition, he says, may explain why gross income is down and net is up: "I see this very phenomenon in some of the practices I work with: When the number of veterinarians in a practice increases, the gross may conceivably be up, while the aver-

NET EARNINGS SHOW A SLIGHT 0.2-PERCENT DROP

Individual net income	Percent of practitioners	
	1988	1987
$100,000 or more	9%	7%
90,000-99,000	3	4
80,000-89,999	4	3
75,000-79,999	2	3
70,000-74,999	4	4
65,000-69,999	2	3
60,000-64,999	3	5
55,000-59,999	5	3
50,000-54,999	6	8
45,000-49,999	7	5
40,000-44,999	7	7
35,000-39,999	10	7
30,000-34,999	10	12
25,000-29,999	10	10
20,000-24,999	9	9
15,000-19,999	4	4
10,000-14,999	2	3
Less than $10,000	3	3
Median	**1988:** $41,700	**1987:** $41,800

age gross *per veterinarian* is actually down."

"This situation can be very positive," he continues, "because the overall gross may be high enough to more than cover additional veterinarians. That way, the doctors themselves have a more liveable practice situation because they get more time off."

Those are comforting words, indeed—unless you've personally seen such a 22-percent drop in your gross income. In that case, Gallagher says, "it's impossible to generalize, but what's important is that you recognize that there *is* a problem you must investigate. You have to look at such factors as the local economy, competition, even your own attitude and that of your staff.

"Look at the situation in terms of trends. Explaining why a downturn occurred is the first step toward fixing the problem. But if you can't pinpoint the problem, you have to take a diagnostic approach. Look at your activity, your income flow, and the amount of activity involved with that flow. Compare year to year, period to period."

Gallagher says of the slight drop in expenses nationwide: "The idea that vets in the aggregate report that they were able to reduce their expenses from 49.7 to 48.3 just doesn't make sense to me. Unless a practice deliberately curtails itself and decreases its volume, then expenses don't go down—they go up. Delivering quality care today necessarily drives the expenses up. This decrease doesn't agree with

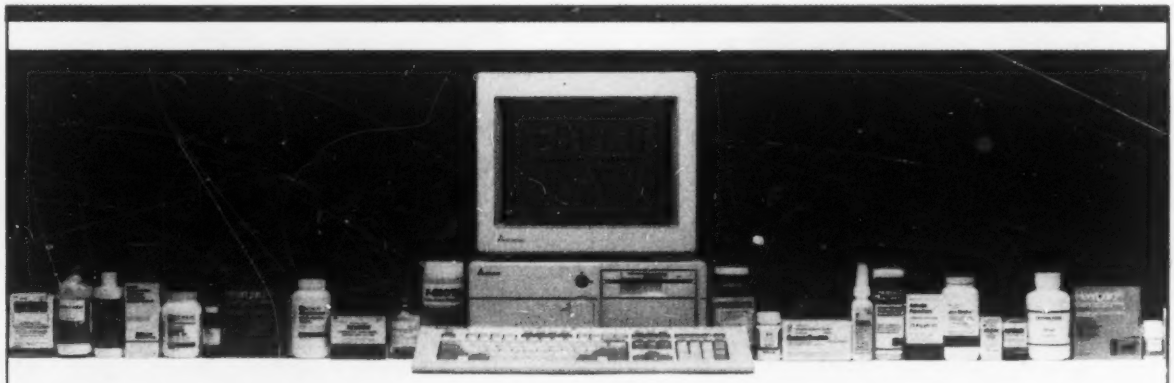
the information that I monitor on a monthly basis."

The West

Don Dooley, a practice management consultant in Los Gatos, Calif., says that doing better has a great deal to do with attitude. "Veterinarians can't do anything about their competition or their neighborhood economy," he says. His region is the only area of the country where both gross and net increased, 5 percent and 9.8 percent respectively.

Dooley, however is not pleased with the increase: "A 5-percent increase barely covers the 4.4-percent rise in the Consumer Price Index." He adds that veterinarians can make whatever they want to make. "I don't like the word 'should,' but a veterinarian who owns a practice in the West should net about $100,000. Then again, I know of practitioners in the Midwest netting that amount. Why aren't the rest?

"Here's what practitioners *can* do: Start charging for everything they do based on their own fee schedules. That will add $40,000 to their grosses. Secondly, they can get out of the way and start doing everything that their clients want. That will add another $30,000. I'm not suggesting that they sell clients things they don't want or need, but they shouldn't be making up clients' minds. This isn't true just in California, it's true everywhere. Veterinarians don't have to change the world to better their lives. They just have to change their attitudes." ▶



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INCOME IS DOWN-AND-OUT IN MOST REGIONS

Net income shrunk for veterinarians in four of the seven regions surveyed. Hardest hit were the southern regions: Net in the Mid-South decreased 21.3 percent from 1987 totals; in the South-Atlantic net fell 17.4 percent.

Gross income is down in all regions but the West, which showed a 5-percent improvement in 1988. Net in the West rose 9.8 percent. The Northeast shows the most dramatic discrepancy between gross and net, with a 21.7-percent drop in gross and only a 0.47-percent slide in net.

On the bright side, average client transaction fees are up 15.9 percent for all veterinarians. See the accompanying article for more detailed information on veterinary earnings, and for comments on the survey findings.

PLAINS STATES
Gross $103,300
Net $45,500
Average client transaction
$36.00

NORTHEAST
Gross $77,000
Net $42,300
Average client transaction
$44.30

WEST
Gross $120,800
Net $44,900
Average client transaction
$46.80

GREAT LAKES
Gross $103,000
Net $39,600
Average client transaction
$36.20

SOUTHWEST
Gross $90,000
Net $36,900
Average client transaction
$40.20

SOUTH-ATLANTIC
Gross $102,500
Net $42,300
Average client transaction
$42.60

MID-SOUTH
Gross $92,500
Net $35,400
Average client transaction
$38.40

Gross income figures represent the veterinarian's individual share of income brought into the practice. Net income figures are tabulated after expenses and before taxes. Average client transaction figures include clinical procedures, drugs, and merchandised products.

All figures are medians.

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Each ml contains 400 mg sulfadimethoxine.

Dogs and Cats

INDICATIONS: ALBON Injection-40% is indicated for the treatment of a wide range of respiratory, genitourinary tract, enteric and soft tissue infections when caused by streptococci, staphylococci, escherichia, salmonella, klebsiella, proteus or shigella organisms sensitive to sulfadimethoxine.

DOSAGE AND ADMINISTRATION: ALBON injection-40% is recommended for administration by the intravenous or subcutaneous routes.

Dogs and cats should receive 1 ml of ALBON injection-40% per 16 pounds of body weight (55 mg/kg) as an initial dose, followed by 0.5 ml per 16 pounds of body weight (27.5 mg/kg) every 24 hours thereafter.

LIMITATIONS: Sulfadimethoxine is not effective in viral or rickettsial infections, and as with any antibacterial agent, occasional failures in therapy may occur due to resistant microorganisms. The usual precautions in sulfonamide therapy should be observed.

PRECAUTIONS: During treatment period, make certain that animals maintain adequate water intake.

If animals show no improvement within 2 or 3 days, reevaluate your diagnosis.

Intramuscular administration is not recommended. Some animals treated by the intramuscular route exhibit signs of pain during and for a few minutes following such injections, and in dogs, blood levels are lower than those obtained by intravenous or subcutaneous treatments.

NOT FOR HUMAN USE

CAUTION: Federal law restricts this drug to use by or on the order of a licensed veterinarian.

ALBON®
(sulfadimethoxine)
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0.125 g, 0.25 g and 0.5 g
Oral Suspension-5%

Each teaspoonful (5 ml) contains 250 mg sulfadimethoxine. To be used in the treatment of sulfonamide-susceptible bacterial infections in dogs and cats and enteritis associated with coccidiosis in dogs.

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INDICATIONS: ALBON is indicated for the treatment of a wide range of respiratory, genitourinary tract, enteric, and soft tissue infections in dogs and cats when caused by streptococci, staphylococci, escherichia, salmonella, klebsiella, proteus or shigella organisms sensitive to sulfadimethoxine.

DOSAGE AND ADMINISTRATION:
ALBON TABLETS AND ALBON ORAL SUSPENSION-5%
INITIAL DOSE: 25 mg/lb (55 mg/kg) of animal body weight.

SUBSEQUENT DOSES: 12.5 mg/lb (27.5 mg/kg) of animal body weight.

ALBON ORAL SUSPENSION-5%
Dogs and cats should receive 1 teaspoonful of ALBON Oral Suspension-5% per 10 pounds of body weight (25 mg/lb or 55 mg/kg) as an initial dose, followed by 0.5 teaspoonful per 10 pounds of body weight (12.5 mg/lb or 27.5 mg/kg) every 24 hours thereafter.

If animals show no improvement within 2 or 3 days, reevaluate your diagnosis.

LIMITATIONS: Sulfadimethoxine is not effective in viral or rickettsial infections, and as with any antibacterial agent, occasional failures in therapy may occur due to resistant microorganisms. The usual precautions in sulfonamide therapy should be observed.

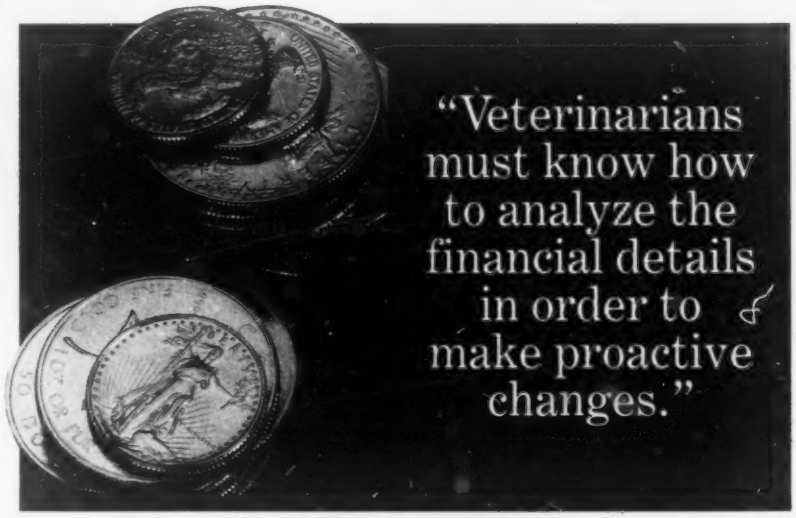
PRECAUTIONS: During treatment period, make certain that animals maintain adequate water intake.

NOT FOR HUMAN USE

CAUTION: Federal law restricts this drug to use by or on the order of a licensed veterinarian.

HOW SUPPLIED:
ALBON Tablets 0.125, 0.25 and 0.5 g sulfadimethoxine per tablet.

ALBON Oral Suspension-5%: each tsp (5 ml) contains 250 mg sulfadimethoxine in a custard-flavored carrier.



The Southeast

Veterinarians in the Mid-South and South-Atlantic saw the worst declines: Gross in the Mid-South fell 26.9 percent and net 21.3 percent. The South-Atlantic suffered slightly less, with a gross that fell 20.1 percent from the previous year and a net that dropped 17.4 percent.

"These numbers don't surprise me," says Stanley B. Corey Jr., ChFC, of Great Falls Financial Services, registered investment advisors in Great Falls, Va. "The main problem we see is that veterinarians are at a loss about how to conduct their practices as a business. They just don't have the training. So many veterinarians have substantial losses but don't understand why."

Corey says that veterinarians must take the time to analyze what's going on in their practices —or have someone else do the analysis. "I've found the real need is for doctors to find a good accountant or financial organization to work with," he says. "The need for practice management services is tremendous. Veterinarians don't have to be involved in monitoring every dime, but they need to know how to analyze the details so that they can make proactive changes."

What do veterinarians need to gauge? Six factors, Corey says: expenses, revenues, price list, number of transactions, average fee per transaction per client, and the average fee per transaction per veterinarian. "Most practitioners, I feel, do not understand how to properly price their services and products. I see their expenses going up dramatically, yet income isn't increasing proportionally because they are so hesitant to raise fees." Corey concedes that many veterinarians don't have the time or desire to analyze their practice finances, but in that case, he says,

they must at least recognize the need for assistance.

The Southwest

The figures aren't as gloomy in the Southwest: Gross is down 7.7 percent, but net has gone up 6.6 percent. "I haven't seen this situation in the practices I visit, but the explanation is most likely that there are more veterinarians per practice," says practice management consultant Dr. Ross Clark, of Tulsa, Okla. "There are more associates than there used to be, partly because the cost of building a practice is prohibitive. In a multi-doctor practice, even though the gross doesn't go up proportionally with the number of doctors, the overhead goes down."

Of this practice environment, Dr. Clark says that "your practice growth is limited unless you do quite a bit of innovative marketing procedures. Cross-marketing, for example, is effective. Many veterinarians are getting into ancillary services such as boarding and grooming. These services boost gross income, but your net income may not come in at as high a percentage.

"I think, however, that as a marketing tool to bring people in, the extra services are still worth it. If you find that your gross is declining, you must consider ways to make the clients already in your files more active, and to get more clients through the door. That doesn't mean taking business from other veterinarians, but you can take clients from other types of businesses."

Dr. Clark comments that the good fortune for mixed and large animal doctors may be due to the favorable market prices for cattle and hogs. "The farmers now have the money to spend on maintaining the good health of their animals," he says. "This year, there seems to be a lot more job opportunities for mixed and large animal practitioners."

The Plains

Ted Beery agrees that times are good for mixed and large animal doctors. "The farm economy is healthy right now, and farmers are using veterinary services

ON THE BRIGHT SIDE

Perhaps the best news in this year's Continuing Survey is the across-the-board increase in average client transaction fees. The number of clients per practitioner held steady for small animal veterinarians, which may mean that these DVMs are taking the advice offered by many of our consultants: Concentrate on serving the clients you have *now* and increasing the number of times they visit each year. Let them know what services you offer and why complete, preventive care is in their pets' best interests.

Practice type	Number of active clients	Average client transaction
All DVM	2,019	$40.80
	2,203	$35.20
Small animal	3,000	$40.90
	3,000	$35.60
Mixed animal	1,951	$35.80
	1,584	$30.20
Large animal	403	$35.70
	247	$29.20
Equine	429	$53.[illegible]
	350	$52.50

1988 [ ] 1987 [ ]

All figures are medians

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(See package insert for full information)

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Note To Veterinarians. Caution should be taken to minimize the exposure of hospital personnel to anesthetic gases and vapors. Evacuation systems and adequate ventilation should be used to remove waste gases.

Pitman-Moore
Pitman-Moore Inc., Mundelein, IL 60060

more," says the practice management consultant at the University of Minnesota. "We have done quite a job of educating the farmer about the need for veterinary services. This type of marketing is paying off."

In the Plains States, the survey shows that gross is down 6.1 percent and net is up 13.7 percent. The average client transaction fee is up 25.4 percent, on the high end of the range that Beery sees among his large and mixed animal clients. Gross is up just slightly for the doctors Beery works with, but he says that he finds net up by as much as 20 percent.

"The mixed animal veterinarians are charging much more for their small animal, which is more service than product," he explains. "They're definitely more business-minded than last year." Beery adds that competition with feed stores has forced many mixed animal practitioners back into the dispensing business. "Many have decided to go whole hog on it, and they're competing quite well. For the most part, one-third of our food animal practitioners' gross is from dispensing. I don't see that they're buying product better, but they are carrying less inventory and turning it more often."

Beery also says that the large animal practitioners he works with are netting the most this year, and that their gross is about on par. "They are charging based on time rather than the specific service," he says. "Business is booming for food animal practi-

THE VIEW FROM THE TOP

A statistical study of veterinarians who report gross incomes of $200,000 or more:

Number of active clients	3,000
Total average client transaction fee*	$44.60
Number of client visits in a typical month	428.1
Number of hours worked per week	53.8
Net income	$90,400

*Includes clinical procedures, drugs, and merchandised products.
All figures are medians.

tioners, but now the problem is not having enough graduates to keep up with the demand. The business is there for food animal practices if they can find the personnel. Those who find even a new graduate can jump their practice grosses $90,000 the first year. The graduates are making $35,000 right out of school."

The primary advice Beery offers for a successful practice: Keep up with the times. First, he says, keep on top of your fees. "Most of the ailing food and mixed animal practitioners haven't kept pace with fees; those who have kept up haven't lost clients due to the increased charges."

Beery recommends that mixed animal and large animal practitioners rein in their inventory by turning it more often and reducing it substantially. He also recommends aggressively attacking accounts receivable. "Come up with a stiffer policy and put someone in your clinic in charge of enforcing it," he says.

Small animal doctors, Beery says, should concentrate on fees. "Re-evaluate what *you're* charging, not what the competition is doing," he says. "Also remember that it's important for your staff to understand the philosophy behind your charges and where the profit comes from. Discuss your fees with them; if they agree and cooperate, you generally won't have a problem charging higher fees."

The Great Lakes

Cynthia Wutchiett, an Ohio-based CPA, says that large and mixed animal practitioners may be doing better because there are fewer of them now. "I know that in my region, more and more DVMs are staying away from large animal practice because it is so difficult to run efficiently," she says. Those that *do* remain, she adds, get a larger piece of the pie.

Small animal practitioners in the region, however, are left a little hungry. Median gross is down 4.5 percent, and net fell 6.8 percent. "My clients in the Midwest suffered last year because of the drought. For instance, in many practices, the flea services suffered," Wutchiett says.

She also says that the survey results may indicate that veterinarians aren't seeing as many clients due to increased competition. But more likely, she says, "the divergence between the profitable and the unprofitable is increasing. The practices that are profitable, that are management-oriented or are more competitive, are getting a larger share. The practices that are closing their eyes to

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HOW THIS YEAR'S SURVEY WAS CONDUCTED

Questionnaires for the 1989 VETERINARY ECONOMICS Continuing Survey were mailed last January to 6,000 veterinarians in private practice—a random sampling from the master list maintained by this magazine. By the mid-May cutoff date, 2,085, or 34.8 percent, of the veterinarians had responded. After we set aside returns with apparent discrepancies, incomplete responses, and those from veterinarians who had not been in practice throughout the year, our working sample consisted of 1,401 questionnaires. These were coded by VETERINARY ECONOMICS' research staff and tabulated by computer under the direction of Gene Richman of Crosstabs Inc., Syosset, N.Y.

REGION	Percent of Statistical universe[1]	Survey sample
Northeast	16%	13%
South*	34	33
Midwest**	28	31
West	22	23

*Includes Southwest, Mid-South, and South-Atlantic.
**Includes Plains States and Great Lakes.
[1]Veterinary Medicine Publishing Co. mailing list, July 1989

AGE	Percent of survey sample
Under 35	37%
35-44	37
45-54	15
55-64	9
65 and over	2

SEX	Percent of survey sample
Male	80%
Female	20

YEARS IN PRACTICE	Percent of survey sample
0-1	—
1-2	10.3%
3-5	19.0
6-10	20.8
11-20	28.3
21-30	15.3
31-40	5.1
More than 40	1.2

the need for management, that are practicing the way they were 10 years ago, are losing out. This downward trend is just not what I've found working with my clients for the past seven or eight years. The largest income increases I've seen are for the small animal doctors I work with."

Wutchiett says that anyone experiencing a sharp drop in gross and/or net should take a very close look at what's happening. "One thing you should do is look at the number of active clients you have and the number of transactions you've had for the year," she says. "You should be seeing clients at least 2.5 times a year. If you're not, you're probably not doing enough internal marketing."

Wutchiett stresses that you must be as objective as possible and investigate what's happening in your environment. Look at all of your services and determine what percent of gross each pulls. Tie expenses for services to the income from each. Is there a profit? If not, why? Are you charging too little? Is the procedure too time-consuming? Or is a low-profit service useful because it brings other revenue into the practice?

"Things are very interrelated, not black and white," she says. "If your community is changing and you see fewer animals, you can't just market harder; you really have to consider changing your practice to adapt. You might need a structural change; rather than just putting up wallpaper, there are times when you just have to tear down walls." ■

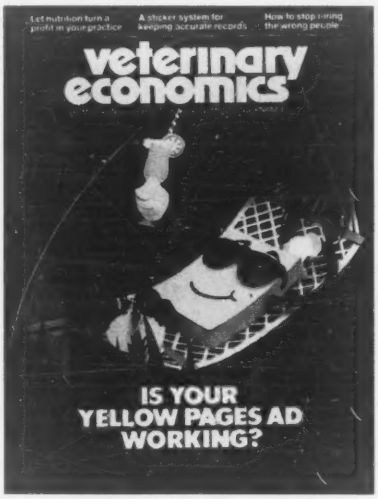
THE YELLOW PAGES REPORT: BATTLING THE PRESSURE TO BUY

The veterinarians who answered our poll on Yellow Pages advertising say that the ads may be basking in the sun, but it's the practitioners who take the heat. What motivates *you* to buy?

By John Lofflin

Call this story "Yellow Pages II: The Angst Continues." Hype it Hollywood-style with the statement: "Just when you thought it was safe to let their fingers do the walking..." Shoot it on location in Albuquerque, N.M., where full-page, three-color ads are common. And then let Albuquerque practitioner Dr. J. Howard Sherrod write the testimonial: "We were afraid they would swallow us up. We were stampeded into going full blast into Yellow Pages advertising."

You get the picture. In May, we published "Is Your Yellow Pages Ad Working?" with the cover shown here. We asked you and your colleagues to take a few minutes to fill out a poll, and your response was heavy and swift. As the survey forms streamed in, we discovered that most practitioners weren't content to provide us with simple 'yes' and 'no' answers. Your colleagues squeezed their comments—and their emotions—into every conceivable blank space on the survey form.


Let nutrition turn a profit in your practice
A sticker system for keeping accurate records
How to stop hiring the wrong people
veterinary economics
IS YOUR YELLOW PAGES AD WORKING?

According to the responses, many of you apparently wouldn't mind if your Yellow Pages went surfing in shark-infested waters. Others of you say that Yellow Pages advertising works pretty darn hard for you, and that *your* ad deserves a week at the ocean. Here's a sample of the commentary we received, taken from the margins of your survey forms.

- An Indiana doctor writes: "The phone company screwed up and left us out of the directory. Still, our business is up 16 percent this year over last year."
- A Texas small animal practitioner notes: "[The Yellow Pages] got our phone number wrong, but we are having a great year."
- An Arizona veterinarian points out that his ad is smaller than most—". . . and is one of the few with taste."
- A New Mexico doctor writes, in block letters across the bottom of the form: "We feel that Yellow Pages advertising is somewhat of a rip-off. Veterinarians have been stampeded into this type of advertising by overzealous (and effective) Yellow Pages salesmen!"
- And from a Florida veterinarian: "It seems to me that the main people who benefit from larger ads are the phone-company folks. I've been told blatant lies by the solicitors in order to intimidate me into getting larger ads, but so far I have held firm and have not been sorry."

Succumbing to the sales pitch

Despite the grousing, veterinarians buy a lot of Yellow Pages space. Of the 241 respondents, only two say they don't use the Yellow Pages at all. About 46 per-

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cent have only a line ad, and 53.5 percent buy a line listing and a display ad. (See the chart on page 62 for the percentage responses to each question.)

Problems aside, most of the respondents are opting for stability: Only 18.4 percent feel pressure to increase or decrease the size of their listings, and just 16.5 percent increased the size of their ads last year. Only 3.4 percent plan to increase their ad size next year.

Many respondents, however, expressed anxiety over the pressure exerted by Yellow Pages salespeople. "My story sounds very similar to those described in your article," says small animal practitioner Dr. Stephen J. Hebert of Belle Chasse, La. "I was the first to go with a display ad in my local Yellow Pages directory. The first year they offered this great, half-price deal. The second year it went to full price. The third year they offered red ink for free. The fourth year, to continue red in the ad, the price doubled; so the fourth year my ad went back to black ink.

"Two other clinics followed with display ads after I did. This year is their red-ink-free year. I anticipate these ads will be black next year. I have seen no difference in response whether black or red ink is used in the ad. I know my display ad has helped, yet if costs escalate, I'll drop it and go back to the business-card listing I had before." Dr. Hebert spends $2,628 a year in the Yellow Pages—90 percent of his marketing budget—and estimates he gets 35 percent of his new clients from the ad. The response, he says, is worth the expense.

In fact, Dr. Hebert says that his Yellow Pages ad pays for itself on Saturdays alone: "I'm the only one in this area open on Saturdays, and I say so in the ad. On Saturdays, it seems like everyone comes from the Yellow Pages." But, he adds, "I don't care what they tell you. The size of the ad and the color of the ink don't get anybody through the door."

A Gainesville, Fla., small animal practitioner, Dr. Deborah Kemmerer, heard a different sales pitch. "What they do is call and tell you that so-and-so clinic has taken out a huge color ad, and then they describe it," she says. "Then they say, 'Don't you want to be competitive?' On one occasion, they named the other practitioner and I called him. He said 'Hell, no, I didn't change my ad.' "

Dr. Kemmerer says her county veterinary association has agreed to stay within certain limits in Yellow Pages advertising; only a couple of practitioners have broken those informal guidelines. What happened to them? "Apparently nothing," she says.

Louis S. Graham, DVM, of Hendersonville, Tenn., says that if practitioners would just communicate better with each other, they could put an end to the increasing cost of Yellow Pages advertising. "The salesmen tell you, 'This guy's gonna have this size ad, and somebody else bought a quarter-page ad,' " he says. "Then we don't communicate with those other veterinarians. One time, we actually did call each other and agreed that we'd stop increasing our ads, and it worked." ▶

IT'S ALL IN THE ASKING

In our May article on Yellow Pages advertising, management consultant Bob Levoy made the following statement:

"I meet practitioners who swear by Yellow Pages advertising, but their statistics may be misleading. . . We asked some of the practices we consult with to screen their next 50 to 100 clients and ask, 'How did you hear about us?' That's how a lot of practices get data that is misleading. The clients answer 'Yellow Pages' because that's where they got the address and the phone number. Then we changed the question to, 'How did you *first* hear of us?' When we added the word 'first,' the number who said 'Yellow Pages' dropped considerably."

In the survey we conducted in the same issue, we asked practitioners to give us the *exact* wording of the question they ask to track Yellow Pages response. Of the 135 doctors who do track responses, only 13 ask, "Where did you *first* hear of us?" The others ask the type of question that Levoy says can skew the results; the top example: "How did you hear about us?"

Before you pass judgement on the effectiveness of your ad, you might experiment with Levoy's suggested question. Does it make a difference in your response? If it does, it may be time to rethink your advertising strategy.

THE RESULTS ARE IN

We received more than 240 responses to our Yellow Pages poll, which appeared in the May issue. A summary of the responses is provided below, with the total number of veterinarians responding to each question indicated in parentheses.

	Percent response
1. Is your practice listed in the Yellow Pages? (241)	
Yes, line listing only	45.7%
Yes, line listing and boxed ad	53.5
No	0.8
2. How would you compare your listing to that of other veterinarians in your phone book? (239)	
Smaller than most	36.0
About the same as most	51.9
Larger than most	12.1
3. Do you feel pressure from your colleagues to increase or decrease the size of your ad? (239)	
Yes	18.4
No	81.6
3a. If yes, do you feel pressure to: (41)	
Increase the size of your ad?	70.7
Decrease the size of your ad?	29.3
4. Have you increased the size of your ad in the last year? (236)	
Yes	16.5
No	83.5
4a. If yes, do you think the change was worth the added expense? (30)	
Yes	26.7
No	73.3
5. Do you plan to increase the size of your ad? (232)	
Yes	3.4
No	96.6
6. How much money do you spend per year on Yellow Pages advertising? (237)	
Less than $500	38.8
$500-$999	24.5
$1,000-$5,000	30.8
more than $5,000	5.9
7. What percentage of your marketing budget do you spend on Yellow Pages each year? (215)	
0-25%	28.8
26-50%	20.5
51-75%	10.7
76-100%	32.1
Not sure	7.9

	Percent response
8. Do you track the response to your Yellow Pages advertising? (239)	
Yes	56.5%
No	43.5
8a. If yes, how? (135)	
Client information forms	51.7
Client questionnaires	19.1
Informal conversations	23.6
Other	5.6
9. How, exactly, do you phrase the question you ask?	
For a summary of the responses, see the box on page 60.	
10. What percentage of your clients say they come to you through the Yellow Pages? (194)	
0-30%	71.1
31-60%	11.3
61-100%	3.1
Not sure	14.5
11. Do you think that Yellow Pages ads are worth the money you spend? (227)	
Yes	44.9
No	55.1
12. How would you characterize your practice? (241)	
Urban	22.4
Suburban	61.4
Rural	16.2
13. How many active clients do you have? (221)	
Less than 1,000	12.7
1,000-5,000	66.5
5,000-10,000	13.1
10,000-30,000	3.6
Not sure	4.1
14. Practice type: (241)	
Small	72.4
Large	5.6
Mixed	21.6
Equine	0.4

Bombarded with books

The poll responses also indicate that practitioners are upset by the proliferation of Yellow Pages books in their areas, a situation that causes some to stretch the limits of their marketing budgets. "Multiple communities with multiple directories are a rip-off," writes a Texas practitioner who spends between $1,000 and $5,000 to list his 4,000-client, suburban small animal clinic in five different directories.

"Yipes," writes a Michigan doctor with 2,000 active clients. "My clinic is in a rural area just past the suburbs of a small city. It's located on the county line, and there are a few nearby localities with their own directories. There has been a dramatic increase in the number of phone books available. Each publisher, of course, claims that his book is used more than his competitors' books. This is tough to assess. My concern is that I must get at least a basic ad in each book." This practitioner says that he spends between $500 and $999 annually on his Yellow Pages listings, or 90 percent of his marketing budget.

Do they work?

Many of the veterinarians who responded got out their red, felt-tip pens to respond to the question of efficacy: 55 percent say their Yellow Pages ad isn't worth the cost, while 45 percent say it is. When asked how many of their clients come to them directly via the Yellow Pages, the respondents offered numbers as high as 96 percent and as low as 5 percent.

Some respondents gave us a detailed breakdown; a DVM in California reports that 5 percent of his 3,000 clients say they saw his Yellow Pages ad, 10 percent say they saw his sign, and 85 percent are referrals. A smaller practice in Georgia reports 31 percent referrals, 22 percent Yellow Pages response, and 10 percent sign response.

Paying the price

What do veterinarians spend on Yellow Pages advertising? One-

If You've Only Used Tresaderm® (thiabendazole–dexamethasone–neomycin sulfate) For Otitis Externa, You've Only Scratched The Surface.

The scaly, circular patches. The broken hairs. You know **RINGWORM (MYCOTIC INFECTIONS)** when you see it. Now you know to reach for TRESADERM®(thiabendazole–dexamethasone–neomycin sulfate). TRESADERM, with its exclusive antifungal agent, thiabendazole, is 99% effective against the most common fungal infections, including *Microsporum* and *Trichophyton*.

When short-haired breeds and young pets fall prey to **FOCAL PYODERMA**, it's TRESADERM to the rescue. The neomycin sulfate in TRESADERM works fast to kill the bacteria that cause this oozing, pustular skin infection while the dexamethasone reduces inflammation and eases pain and discomfort.

He licks and bites that one certain spot until he creates an angry, raw lesion ranging in size from a nickel to a small "pancake." It's called a **HOT SPOT**. But triple-action TRESADERM cools it fast by soothing the inflammation, then fights secondary infections with its antibacterial and antifungal ingredients.

Flea bites are aggravating enough. But when an animal licks and scratches until he creates red, itchy wounds and hair loss, he's developed another problem known as **FLEA BITE DERMATITIS**. Fortunately, the dexamethasone in TRESADERM is one of the fastest-acting corticosteroids around. It stops the self-mutilation cycle by stopping the itching, allowing the area to heal. (But remember, the only way to stop the root of the problem is to follow up with a thorough flea control program.)

TRESADERM is ideal for dispensing, too. Its clear, non-greasy, non-staining formula doesn't make the mess creams and ointments do. And the convenient squeeze bottle lets you control the dosage, without having to massage the medicine into sensitive areas. No medicine cabinet should be without it. What? You're out of TRESADERM? Then don't wait – contact your distributor today!

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TRESADERM. It's Your Solution For Dermatoses.

See brief summary on page 80

Respondents got out their red pens to answer the question of efficacy: 55 percent say their ad isn't worth the cost—45 percent say it is.

third of the practitioners reported spending more than $1,000 on Yellow Pages advertising annually. And almost 6 percent spend more than $5,000 a year.

An Illinois practitioner tells us that, although his ad is larger than most area veterinarians', he has decreased its size each of the past two years. He maintains that his suburban small animal practice "has continued the same growth" pattern. And he says that he doesn't think his $1,000 to $5,000 ad is worth the money, even though he estimates it brings in 20 percent of his clients.

An Indiana mixed animal practitioner, who spends about $1,400 a year on his ad, disagrees. "We list more services and stress quality," he says of an improved ad in this year's book. He estimates that 30 percent of his clientele are attracted by the ad.

One Florida practitioner claims to have struck gold with his ad: He spends just 1 percent of his marketing budget—less than $500—on a smaller-than-most line listing; yet he says he draws 71 percent of his clients from the ad. He doesn't intend to decrease or increase it next year.

But not everyone has such luck. One small animal respondent spends one-third of his marketing budget—between $500 and $999—on an in-line listing, but estimates less than 1 percent of his clients are drawn by the ad.

Somewhere in the middle is a 3,700-client, small animal practice in Tennessee. The practitioner says she figures that 11 percent of her clients are drawn by an ad that costs less than $500 and takes up just 20 percent of her advertising budget.

Another veterinarian cites the comments made by management consultant Bob Levoy in the May article: "Bob Levoy is correct," he writes. "Yellow Pages advertising is not cost effective"—with "not" heavily underscored. To the question, "Do you think Yellow Pages ads ar worth the money you spend, this same practitioner wrote "no-no-no-no" in the margin. Yet he spends his entire marketing budget in the Yellow Pages, between $1,000 and $5,000 annually. He does note that he plans to decrease that expenditure this year.

For some, they do seem to work

Not every comment we received was negative. A Colorado small animal practitioner sent us numbers to back up his Yellow Pages accolades. He says that last May—a typical month for his practice—he grossed $13,000 and saw 34 new clients. More than half told him they found his clinic through the Yellow Pages. These clients, he says, paid $1,525—67 percent of the month's new-client income. In April, he notes, 62 percent of his new clients came from the Yellow Pages. "With a monthly expense of $250 [for the Yellow Pages ad] and a monthly new-client income of $1,500 to $2,000, our Yellow Pages ad is very important," he writes.

A Georgia small animal practitioner with 8,000 clients writes, "Our clients move into or out of this area once every three years. This is a very new, burgeoning high-growth area, and our Yellow Pages ad works well for us."

Like others who responded to our poll, this practitioner advertises under several categories: Animal Hospital, Emergency Veterinary Services, Veterinarians, Kennels, Pet Shops, Pet Grooming, Tropical Fish, and Pet Supplies & Foods. The bill: $18,000 for two practice locations.

"I figure we do about $160,000 gross due to our $18,000 Yellow Pages budget that we would not otherwise see," he explains. "It's an investment of 2 percent of our gross to increase our gross 25 percent. Not bad. Plus we bring in lots of people for ancillary services who have not used veterinary services in the past, a benefit for our profession."

Perhaps the most colorful and telling of the responses we received came from a rural mixed animal practitioner in Ohio who spends less than $500 on his line listing. In the margin of his survey he scratched, "It's all bull. Damn, I hate modern veterinary practice. Oh for the romance of the 1950s." ■